

not think he is. But I do not believe he will dispute my word that in two instances we shall be entering into a new field of operation, when we provide, "If you invest your money there, we will guarantee you against loss."

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. MANSFIELD. Speaking for the Senator from Arkansas (Mr. FULBRIGHT), the distinguished chairman of the Foreign Relations Committee, I wish to inform the distinguished Senator from Ohio that his amendment is perfectly acceptable to the Senator from Arkansas.

Mr. LAUSCHE. It is acceptable.

Mr. MANSFIELD. Yes.

Mr. LAUSCHE. Then that means that the item in question is eliminated.

Mr. CASE of South Dakota. Mr. President, will the Senator from Ohio yield for a question?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. LAUSCHE. I yield.

Mr. CASE of South Dakota. The amendment of the Senator from Ohio strikes out the words "normally insurable" before the word risks," does it?

Mr. LAUSCHE. No. In place of the words "normally insurable risks", my amendment provides that there cannot be insurance for "normal business-type risks". In other words, on page 15, in line 19, in lieu of the word "normally insurable"; my amendment inserts the words "normal business-type."

Mr. CASE of South Dakota. From the Senator's study of this part of the bill, does he believe that the President will have authority to issue investment guarantees to American companies which already are engaged in business in some of these countries?

Mr. LAUSCHE. Yes. Let me state what the bill provides: "where the President determines such action to be important to the furtherance of the purposes of this title," there may be insurance "against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine." This provision would have given the President full discretion to use up to \$100 million, but in no single transaction to exceed \$10 million of insurance, and gives him the right to guarantee all private investments except—and now I go down to line 16, on page 15:

That no guaranty of an equity investment issued under this paragraph (2) shall assure against loss resulting from fraud or misconduct in the management of the enterprise or from normally insurable risks:

My amendment changes the words "normally insurable risks" to read "normal business-type risks."

So my answer to the Senator from South Dakota is that in the discretion of the President, he would have had the right to sell insurance guaranteeing against losses on business investments in all instances that he determines, except when the loss results from fraud, misconduct in the management of the business,

or from "normally insurable business risks;" and "normally insurable" would be theft insurance and fire insurance. Does that answer the Senator's question?

Mr. CASE of South Dakota. It does, and I think the Senator is to be commended for doing what he has done, but I do not think he goes far enough. The portion of title III on investment guarantees which concerns the junior Senator from South Dakota goes even further than the weakness which the Senator from Ohio has noted in this title.

On page 14 of the bill it is provided that the President can assure protection in whole or in part against any or all of the following risks.

(A) inability to convert into U.S. dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof.

If that provision applies to existing businesses that have gone into other countries on their own initiative, taking the risk or conditions which existed at that time as they found them, namely, that a portion of their earnings could not be removed from that country, then this provision would create a gigantic windfall to companies already operating there.

I have in mind the situation I found in Brazil a few years ago, where we have some American businessmen who have gone into business there. They understand that they will have an opportunity to make a rate of return which will give them their money back in 5 years, but there also is an understanding that, under the law of Brazil, they cannot remove all of the profit from the country.

It seems to me this provision creates the possibility of establishing a guarantee for companies that went into other lands with their eyes open, knowing the rules with regard to removing exchange or currency from those countries. They went into those countries under that kind of risk. Some of them are doing very well indeed. They expect to double their money in 5 years, but some of the money will have to be reinvested in that country. They will not be able to bring it all back into the United States.

This provision provides a windfall if the President is given authority to insure or extend guarantees to companies that went into a country under that kind of risk. Not only will they have an opportunity to make a rate of return of 20 percent a year, and get their money back in 5 years, but they will have a guarantee against the provision of law in those countries that a part of the money must be reinvested in those countries.

Mr. LAUSCHE. May I suggest that subparagraph (A) on page 14 is now in the law? It has been in the law for about 5 years. Every investor in countries designated as being qualified can buy this insurance. The matter that my amendment strikes at is new enterprise that is guaranteed an equity investment against—

Mr. CASE of South Dakota. What is the dollar limit under the existing law, if the Senator knows?

Mr. LAUSCHE. As to subparagraph (A) there is, according to my understanding, no dollar limitation.

Mr. CASE of South Dakota. Section 221 establishes a \$1 billion ceiling for the guarantees. That is provided in line 25 of page 14. I presume the ceiling is raised.

Mr. LAUSCHE. The amount provided in the present law is \$1 billion.

Mr. CASE of South Dakota. Does this proposal provide an additional \$1 billion?

Mr. LAUSCHE. No, it does not. It provides \$1 billion for insurance to be issued under subparagraphs (A) and (B) as contained on page 14; and out of the \$1 billion, \$100 million is set aside to cover insurance which the President may determine, according to his discretion, to issue under circumstances which he deems sound. The \$100 million is usable to sell insurance against normal business failure. That is the phase to which my amendment is directed.

Mr. CASE of South Dakota. I understand that the Senator's amendment is to the latter part of this title; but having drawn attention to that, it seemed to me the Senator's amendment did not go as far as the Senator from South Dakota would like to have it go in providing against possible windfalls for companies that have gone into those countries under existing laws.

Mr. LAUSCHE. I think there is soundness in what the Senator from South Dakota has said. That subject was discussed in committee, but I am not adequately informed to be able to answer the Senator about the measures that are taken to protect companies against the danger he has outlined. I know they are supposed to observe every transaction and make certain that the transaction has a basis for a sound loan.

From my standpoint, I think the inclusion of this type of language covers the purpose I had in mind.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

THE BERLIN CRISIS

Mr. DODD. Mr. President, yesterday I stood at the Brandenburg gate, so often the scene of historic events, and saw history in the making once more.

If the Brandenburg gate has in times past been a symbol of the shifting tides of passion and violence which have swept across Europe again and again, yesterday it was not just a symbol but a scene, a scene of turmoil, tragedy, and the raw reality of the underlying issues and the bitter emotions which have brought us to the edge of the precipice.

Through the eerie light and the deafening clamor of thousands upon thousands of surging, shouting people, the cleavage between East and West, between slavery and freedom, loomed up: barbed wire strung on 8-foot poles, clusters of Russian armored vehicles loaded with troops, guns held at the ready.

On the one side, the sentinels of slavery; on the other, the aroused and outraged representatives of human freedom and decency.